

Senate Study Bill 3278

SENATE/HOUSE FILE _____
BY (PROPOSED GOVERNOR'S BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to state budgeting processes and certain funds
2 and providing effective dates.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 5709XL 82
5 jp/mg/14

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1 1 DIVISION I
1 2 BUDGET PROCESS
1 3 Section 1. BUDGET PROCESS FOR FISCAL YEAR 2009=2010.
1 4 1. For the budget process applicable to the fiscal year
1 5 beginning July 1, 2009, on or before October 1, 2008, in lieu
1 6 of the information specified in section 8.23, subsection 1,
1 7 unnumbered paragraph 1, and paragraph "a", all departments and
1 8 establishments of the government shall transmit to the
1 9 director of the department of management, on blanks to be
1 10 furnished by the director, estimates of their expenditure
1 11 requirements, including every proposed expenditure, for the
1 12 ensuing fiscal year, together with supporting data and
1 13 explanations as called for by the director of the department
1 14 of management after consultation with the legislative services
1 15 agency.
1 16 2. The estimates of expenditure requirements shall be in a
1 17 form specified by the director of the department of
1 18 management, and the expenditure requirements shall include all
1 19 proposed expenditures and shall be prioritized by program or
1 20 the results to be achieved. The estimates shall be
1 21 accompanied by performance measures for evaluating the
1 22 effectiveness of the programs or results.

1 23 DIVISION II
1 24 PROPERTY TAX CREDITS
1 25 Sec. 2. PROPERTY TAX CREDIT FUND == PAYMENTS IN LIEU OF
1 26 GENERAL FUND REIMBURSEMENT.
1 27 1. a. Notwithstanding section 8.57, prior to the
1 28 appropriation and distribution to the senior living trust fund
1 29 and the cash reserve fund of the surplus existing in the
1 30 general fund of the state at the conclusion of the fiscal year
1 31 beginning July 1, 2007, and ending June 30, 2008, pursuant to
1 32 section 8.57, subsections 1 and 2, of that surplus \$81,868,964
1 33 is appropriated to the property tax credit fund which shall be
1 34 created in the office of the treasurer of state to be used for
1 35 the purposes of this section.
2 1 b. Notwithstanding any provision in section 8.57 to the
2 2 contrary in determining the amount of the appropriation to the
2 3 senior living trust fund pursuant to section 8.57, subsection
2 4 2, paragraph "a", the surplus for the fiscal year beginning
2 5 July 1, 2007, and ending on June 30, 2008, shall not include
2 6 the amount appropriated to the property tax credit fund
2 7 pursuant to paragraph "a" of this subsection.
2 8 c. There is appropriated from the general fund of the
2 9 state to the property tax credit fund created in paragraph "a"
2 10 for the fiscal year beginning July 1, 2008, and ending June
2 11 30, 2009, the sum of \$78,000,000.
2 12 2. Notwithstanding the amount of the standing
2 13 appropriation from the general fund of the state in the
2 14 following designated sections and notwithstanding any
2 15 conflicting provisions or voting requirements of section 8.56,
2 16 there is appropriated from the property tax credit fund in
2 17 lieu of the appropriations in the following designated
2 18 sections for the fiscal year beginning July 1, 2008, and
2 19 ending June 30, 2009, the following amounts for the following
2 20 designated purposes:

2 21 a. For reimbursement for the homestead property tax credit
 2 22 under section 425.1:
 2 23 \$ 99,254,781
 2 24 b. For reimbursement for the agricultural land and family
 2 25 farm tax credits under sections 425A.1 and 426.1:
 2 26 \$ 34,610,183
 2 27 c. For reimbursement for the military service tax credit
 2 28 under section 426A.1A:
 2 29 \$ 2,800,000
 2 30 d. For implementing the elderly and disabled tax credit
 2 31 and reimbursement pursuant to sections 425.16 through 425.40:
 2 32 \$ 23,204,000
 2 33 If the director of revenue determines that the amount of
 2 34 claims for credit for property taxes due pursuant to
 2 35 paragraphs "a", "b", "c", and "d" plus the amount of claims
 3 1 for reimbursement for rent constituting property taxes paid
 3 2 which are to be paid during the fiscal year may exceed the
 3 3 total amount appropriated, the director shall estimate the
 3 4 percentage of the credits and reimbursements which will be
 3 5 funded by the appropriation. The county treasurer shall
 3 6 notify the director of the amount of property tax credits
 3 7 claimed by June 6, 2008. The director shall estimate the
 3 8 percentage of the property tax credits and rent reimbursement
 3 9 claims that will be funded by the appropriation and notify the
 3 10 county treasurer of the percentage estimate by June 13, 2008.
 3 11 The estimated percentage shall be used in computing for each
 3 12 claim the amount of property tax credit and reimbursement for
 3 13 rent constituting property taxes paid for that fiscal year.
 3 14 If the director overestimates the percentage of funding,
 3 15 claims for reimbursement for rent constituting property taxes
 3 16 paid shall be paid until they can no longer be paid at the
 3 17 estimated percentage of funding. Rent reimbursement claims
 3 18 filed after that point in time shall receive priority and
 3 19 shall be paid in the following fiscal year.
 3 20 3. Notwithstanding any other provision, if the
 3 21 Eighty-second General Assembly, 2008 Session, enacts
 3 22 legislation that also provides for the appropriation of the
 3 23 surplus or any part of the surplus existing in the general
 3 24 fund of the state at the conclusion of the fiscal year
 3 25 beginning July 1, 2007, and ending June 30, 2008, the moneys
 3 26 appropriated from such surplus pursuant to subsection 1 shall
 3 27 have priority over all other such appropriations.
 3 28 Sec. 3. EFFECTIVE DATE. This division of this Act, being
 3 29 deemed of immediate importance, takes effect upon enactment.
 3 30 DIVISION III
 3 31 REPEAL HEALTHY IOWANS TOBACCO TRUST
 3 32 Sec. 4. Section 12E.2, subsection 5, Code 2007, is amended
 3 33 by striking the subsection.
 3 34 Sec. 5. Section 12E.2, subsection 10, Code 2007, is
 3 35 amended to read as follows:
 4 1 10. "Program plan" means the tobacco settlement program
 4 2 plan dated February 14, 2001, including exhibits to the
 4 3 program plan, submitted by the authority to the legislative
 4 4 council and the executive council, to provide the state with a
 4 5 secure and stable source of funding for the purposes
 4 6 designated by section 12E.3A and other provisions of this
 4 7 chapter and section 12.65.
 4 8 Sec. 6. Section 12E.3, subsection 2, paragraph a, Code
 4 9 2007, is amended to read as follows:
 4 10 a. To implement and administer the program plan and to
 4 11 establish a stable source of revenue to be used for the
 4 12 purposes designated in section 12E.3A and other provisions of
 4 13 this chapter and section 12.65.
 4 14 Sec. 7. NEW SECTION. 12E.3A ENDOWMENT FOR IOWA'S HEALTH
 4 15 ACCOUNT == PURPOSES.
 4 16 1. The general assembly reaffirms and reenacts the
 4 17 purposes stated for the healthy Iowans tobacco trust fund, as
 4 18 the purposes were enacted in 2000 Iowa Acts, chapter 1232,
 4 19 section 12, and codified in section 12.65, Code 2007, as
 4 20 follows: purposes related to health care, substance abuse
 4 21 treatment and enforcement, tobacco use prevention and control,
 4 22 and other purposes related to the needs of children, adults,
 4 23 and families in the state.
 4 24 2. Any net proceeds from the sale of taxable bonds or
 4 25 tax-exempt bonds issued to provide funds for the purposes
 4 26 stated in section 12.65, Code 2007, and as reaffirmed and
 4 27 reenacted in subsection 1 shall continue to be used for such
 4 28 purposes, including but not limited to any such proceeds
 4 29 deposited in the endowment for Iowa's health account or
 4 30 transferred or otherwise credited to the general fund of the
 4 31 state.

4 32 Sec. 8. Section 12E.9, subsection 1, paragraph b,
4 33 subparagraphs (3) and (6), Code 2007, are amended to read as
4 34 follows:

4 35 (3) An agreement that the anticipated use by the state of
5 1 bond proceeds received pursuant to the sales agreement shall
5 2 be for capital projects, certain debt service on outstanding
5 3 obligations that funded capital projects, payment of attorney
5 4 fees related to the master settlement agreement, and to
5 5 provide a secure and stable source of funding to the state for
5 6 purposes designated by section 12E.3A and other provisions of
5 7 ~~this chapter and section 12.65.~~

5 8 (6) A requirement that the net proceeds received by the
5 9 authority from the sale of taxable bonds or tax-exempt bonds
5 10 issued to provide funds for the purposes specified in section
5 11 ~~12.65 12E.3A~~ be deposited in the endowment for Iowa's health
5 12 account of the tobacco settlement trust fund as moneys of the
5 13 authority until transferred to the state pursuant to section
5 14 12E.12, subsection 1, paragraph "b", subparagraph (2). Each
5 15 amount transferred shall be the consideration received by the
5 16 state for that portion of the state's share.

5 17 Sec. 9. Section 12E.10, subsection 1, paragraph a,
5 18 subparagraph (3), Code 2007, is amended to read as follows:

5 19 (3) The authority may also issue taxable bonds or
5 20 tax-exempt bonds to provide additional amounts to be used for
5 21 the purposes specified in section ~~12.65 12E.3A~~.

5 22 Sec. 10. Section 12E.11, subsection 1, Code 2007, is
5 23 amended to read as follows:

5 24 1. The authority may issue bonds and, if bonds are issued,
5 25 shall make the proceeds from the bonds available to the state
5 26 pursuant to the sales agreement to fund capital projects,
5 27 certain debt service on outstanding obligations that funded
5 28 capital projects, and attorney fees related to the master
5 29 settlement agreement, and to provide a secure and stable
5 30 source of funding to the state, consistent with the purposes
5 31 of section 12E.3A and other provisions of this chapter and
5 32 ~~section 12.65.~~ In connection with the issuance of bonds and

5 33 subject to the terms of the sales agreement, the authority
5 34 shall determine the terms and other details of the financing
5 35 and the method of implementation of the program plan. Bonds
6 1 issued pursuant to this section may be secured by a pledge of
6 2 all or a portion of the state's share and any moneys derived
6 3 from the state's share, and any other sources available to the
6 4 authority with the exception of moneys in the tobacco
6 5 settlement trust fund. The authority may also issue refunding
6 6 bonds, including advance refunding bonds, for the purpose of
6 7 refunding previously issued bonds, and may issue other types
6 8 of bonds, debt obligations, and financing arrangements
6 9 necessary to fulfill its purposes or the purposes of this
6 10 chapter.

6 11 Sec. 11. Section 12E.12, subsection 1, paragraph b,
6 12 subparagraph (2), Code 2007, is amended to read as follows:

6 13 (2) The endowment for Iowa's health account. The net
6 14 proceeds of any taxable bonds or tax-exempt bonds issued to
6 15 provide funds for the purposes specified in section 12.65,
6 16 ~~Code 2007,~~ which the authority is directed to deposit in the
6 17 account, any portion of the state's share which is not sold to
6 18 the authority, and any other moneys appropriated by the state
6 19 for deposit in the account shall be deposited in the account
6 20 and shall be used for the purposes specified in section ~~12.65~~
6 21 ~~12E.3A.~~

6 22 ~~(a) There is transferred from the endowment for Iowa's~~
6 23 ~~health account of the tobacco settlement trust fund to the~~
6 24 ~~healthy Iowans tobacco trust for the fiscal year beginning~~
6 25 ~~July 1, 2001, and ending June 30, 2002, the amount of~~
6 26 ~~fifty-five million dollars, to be used for the purposes~~
6 27 ~~specified in section 12.65.~~

6 28 ~~(b) For each fiscal year beginning July 1, 2002, and~~
6 29 ~~annually thereafter, there is transferred from the moneys~~
6 30 ~~deposited in the endowment for Iowa's health account of the~~
6 31 ~~tobacco settlement trust fund are transferred to the healthy~~
6 32 ~~Iowans tobacco trust fifty-five million dollars plus an~~
6 33 ~~inflationary factor of one and one-half percent of the amount~~
6 34 ~~transferred in the previous fiscal year. Any transfer in an~~
6 35 ~~amount not in accordance with this subparagraph shall not be~~
7 1 ~~made unless authorized by a three-fifths majority of each~~
7 2 ~~house and approved by the governor general fund of the state.~~
7 3 The moneys transferred shall be used for the purposes
7 4 specified in section 12E.3A.

7 5 Sec. 12. Section 12E.17, Code 2007, is amended to read as
7 6 follows:

7 7 12E.17 DISSOLUTION OF THE AUTHORITY.

7 8 The authority shall dissolve no later than two years from
7 9 the date of final payment of all outstanding bonds and the
7 10 satisfaction of all outstanding obligations of the authority,
7 11 except to the extent necessary to remain in existence to
7 12 fulfill any outstanding covenants or provisions with
7 13 bondholders or third parties made in accordance with this
7 14 chapter. Upon dissolution of the authority, all assets of the
7 15 authority shall be returned to the state and shall be
7 16 deposited in the ~~healthy Iowans tobacco trust~~ general fund of
7 17 the state, unless otherwise directed by the general assembly,
7 18 and the authority shall execute any necessary assignments or
7 19 instruments, including any assignment of any right, title, or
7 20 ownership to the state for receipt of payments under the
7 21 master settlement agreement.

7 22 Sec. 13. Section 12.65, Code 2007, is repealed.

7 23 Sec. 14. HEALTHY IOWANS TOBACCO TRUST AND ENDOWMENT FOR
7 24 IOWA'S HEALTH ACCOUNT == REVERSION.

7 25 1. Notwithstanding any provision of law to the contrary,
7 26 moneys from appropriations that remain unencumbered or
7 27 unobligated at the close of the fiscal year beginning July 1,
7 28 2008, or the close of any succeeding fiscal year that would
7 29 otherwise be required by law to revert to, be deposited in, or
7 30 to be credited to the healthy Iowans tobacco trust or the
7 31 endowment for Iowa's health account shall instead be credited
7 32 to the general fund of the state.

7 33 2. Notwithstanding any provision of law to the contrary,
7 34 the unencumbered or unobligated balances of the healthy Iowans
7 35 tobacco trust or the endowment for Iowa's health account at
8 1 the close of the fiscal year beginning July 1, 2008, shall be
8 2 transferred to the general fund of the state.

8 3 Sec. 15. EFFECTIVE DATE. This division of this Act takes
8 4 effect June 30, 2009.

8 5 EXPLANATION

8 6 This bill relates to state budgeting processes and certain
8 7 funds.

8 8 BUDGET PROCESS. Under this division, for the budget
8 9 process applicable to FY 2009=2010, state agencies are
8 10 required to submit estimates and other expenditure information
8 11 as called for by the director of the department of management
8 12 after consultation with the director of management instead of
8 13 the information required under Code section 8.23.

8 14 PROPERTY TAX CREDITS. This division provides funding for
8 15 state reimbursement for certain property tax credits. A
8 16 property tax credit fund is created. For FY 2008=2009, in
8 17 lieu of standing appropriations from the general fund of the
8 18 state for that fiscal year, the following property tax credits
8 19 are funded from the property tax credit fund: homestead,
8 20 agricultural land and family farm, military service, and
8 21 elderly and disabled tax credit and rent reimbursement. The
8 22 property tax credit fund consists of approximately \$82 million
8 23 from the surplus existing in the general fund of the state at
8 24 the close of FY 2007=2008 and an appropriation of \$78 million
8 25 from the general fund of the state for FY 2008=2009.

8 26 This division takes effect upon enactment.

8 27 REPEAL HEALTHY IOWANS TOBACCO TRUST. This division repeals
8 28 Code section 12.65, creating the healthy Iowans tobacco trust.
8 29 New Code section 12E.3A reaffirms and reenacts the purposes
8 30 specified in Code section 12.65 for the trust: purposes
8 31 related to health care, substance abuse treatment and
8 32 enforcement, tobacco use prevention and control, and other
8 33 purposes related to the needs of children, adults, and
8 34 families in the state.

8 35 Under current law, the proceeds of the bonds sold for the
9 1 tobacco settlement trust fund are to be deposited in various
9 2 accounts, including the endowment for Iowa's health account.
9 3 The bill provides that the moneys deposited in the endowment
9 4 for Iowa's health account are transferred to the general fund
9 5 of the state instead of the healthy Iowans tobacco trust.

9 6 Any moneys from an appropriation remaining at the close of
9 7 FY 2008=2009 that are required by law to revert to the healthy
9 8 Iowans tobacco trust or the endowment for Iowa's health
9 9 account are required to be credited instead to the general
9 10 fund of the state. The unencumbered or unobligated balances
9 11 of the healthy Iowans tobacco trust or the endowment for
9 12 Iowa's health account at the close of FY 2008=2009 are
9 13 required to be transferred to the general fund of the state.

9 14 The division takes effect June 30, 2009.

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